

House File 2631 - Introduced

HOUSE FILE _____
BY COMMITTEE ON AGRICULTURE

(SUCCESSOR TO HF 2503)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act requiring that a person entering into a repurchase
2 contract for the growing of corn seed stock post a special
3 bond.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 5735HV 82
6 da/nh/5

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1 1 Section 1. Section 199.16, Code 2007, is amended to read
1 2 as follows:
1 3 199.16 PERMIT HOLDER'S BOND.
1 4 It is unlawful for the permit holder to enter into a
1 5 contract with a grower who purchases agricultural seed in
1 6 which the permit holder agrees to repurchase the seed crop
1 7 produced from the purchased seed at a price in excess of the
1 8 current market price, unless the permit holder has on file
1 9 with the department a general bond, in a penal sum of
1 10 twenty-five thousand dollars running to the state of Iowa,
1 11 with sureties approved by the secretary, for the use and
1 12 benefit of a person holding a repurchase contract who might
1 13 have a cause of action of any nature arising from the purchase
1 14 or contract. However, the aggregate liability of the surety
1 15 to all purchasers of seed holding repurchase contracts shall
1 16 not exceed the sum of the bond. In addition to the general
1 17 bond, if the permit holder sells corn seed to the grower under
1 18 a repurchase contract as provided in this section, the permit
1 19 holder shall furnish the department with a special bond in the
1 20 amount of the purchase price for the benefit of the grower in
1 21 the same manner as the general bond. The grower shall not be
1 22 reimbursed for the same damages under the general bond and the
1 23 special bond.

1 24 EXPLANATION
1 25 This bill amends Code section 199.16, which applies when a
1 26 person licensed by the department of agriculture and land
1 27 stewardship to distribute agricultural seed (permit holder)
1 28 contracts with a person promising to grow the seed (grower).
1 29 The Code section provides that the permit holder must execute
1 30 a bond with the department in the amount of \$25,000. The bill
1 31 refers to these bonds as general bonds and provides that in
1 32 cases in which the grower pays for the seed for planting, the
1 33 permit holder must post a special bond for the benefit of the
1 34 grower for the amount of the purchase price. The bill also
1 35 provides that the grower cannot be reimbursed for the same
2 1 damages under the general bond and the special bond.
2 2 LSB 5735HV 82
2 3 da/nh/5